



Fiscal Services Division
P.O. Box 942703
Sacramento, CA 94229-2703
Telecommunications Device for the Deaf - (916) 795-3240
(916) 795-7756 FAX (916) 795-7900

April 14, 2006

AGENDA ITEM 11

TO: MEMBERS OF THE FINANCE COMMITTEE

I. SUBJECT: Current Budget Issues

II. PROGRAM: Administration

III. RECOMMENDATIONS: Information Only

IV. ANALYSIS:

The Department of Finance approved and forwarded two CalPERS 2006-07 Spring Finance Letter requests to the Legislature. One letter requests \$489,000 and 5.5 positions to implement the processing of the Medicare Part D eligibility and reconciliation files, and subsidy requests. The entire amount of the subsidy received from the Centers for Medicare and Medicaid Services (CMS) will be deposited into a Special Deposit Fund while the Attorney General renders an opinion on the use of the funds and the Board of Administration acts on that information. However, Department of Finance has agreed that administrative funds necessary for CalPERS to collect and receive the CMS subsidy can be used from the Special Deposit Fund beginning in 2006-07.

The second letter requests \$2.9 million increase in spending authority in the Contingency Reserve Fund. This funding authority will be used to perform data extracts, develop a health actuarial assumption model, and execute a requirements analysis and cost study to assist contracting agencies in complying with Governmental Accounting Standards Board 45 reporting requirements. Staff will propose a one-time adjustment to the Contingency Reserve Fund administrative rate for Contracting Agencies at next week's Health Benefits Committee. This administrative fee increase will provide the necessary resources to fund this request.

Members of the Finance Committee
April 14, 2006

V. ATTACHMENTS:

The following attachment is the Department of Finance letter which transmits the Spring Finance Letters for CalPERS to the Legislature for their approval.

Original Signed by Russell Fong

Russell G. Fong, Chief
Fiscal Services Division

Original Signed by Curtis Howard

Curtis Howard
Assistant Executive Officer
Administrative Services Branch

Attachment